

504/27/04



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E COMMISSION  
Washington, D.C. 20549

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APR 28 2004

THOMSON  
FINANCIAL

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

SEC FILE NUMBER
8- 29946

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 1-1-03 AND ENDING 12-31-03  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Westcountry Financial

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

#2 GERANIUM

OFFICIAL USE ONLY

FIRM I.D. NO.

(No. and Street)

IRVINE

CA

92618

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

JAMES S. SCHMITT

(805) 491-2964

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

HALLSTEIN & WARNER, LLP

(Name - if individual, state last, first, middle name)

6700 E. PACIFIC COAST HIGHWAY, SUITE 230, LONG BEACH, CA 90803-4217

(Address)

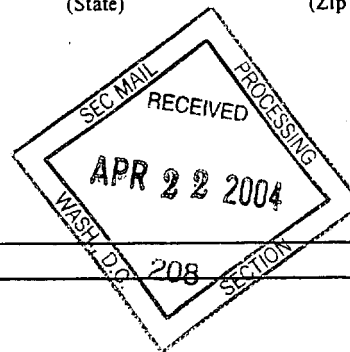
(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.



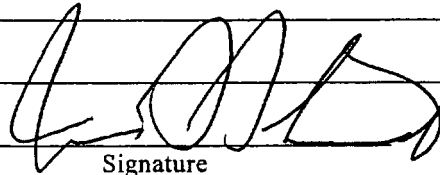
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

42427

### OATH OR AFFIRMATION

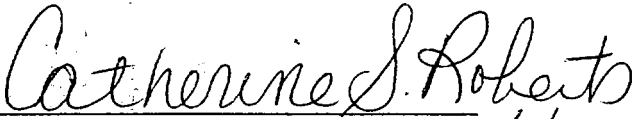
I, JAMES S. SCHMITT, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of WESTCOUNTRY FINANCIAL, as of DECEMBER 31, 20 03, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature

PRESIDENT

Title



Notary Public

*MCE 6/28/05*

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

WESTCOUNTRY FINANCIAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003

1. Summary of significant accounting policies

Nature of Business

Westcountry Financial is doing business as a sole proprietorship.

Basis of Accounting

Westcountry Financial's accounting records are maintained on the accrual basis of accounting. Generally, revenues are recognized when earned and measurable and expenses are recognized when incurred, if measurable.

Marketable Securities

Marketable securities are classified as trading securities and are stated at fair market value on the balance sheet. The change in fair market value during the period is included income.

Cash and cash equivalents

For purposes of the balance sheet and statement of cash flows, Westcountry Financial considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

# HALLSTEIN & WARNER

A LIMITED LIABILITY PARTNERSHIP

*Certified Public Accountants*

CONGRESSIONAL PLACE

6700 PACIFIC COAST HIGHWAY, SUITE 230

LONG BEACH, CALIFORNIA 90803-4217

(562) 594-5866 • FAX: (562) 594-7944

STEVEN D. EPERTHENER, C.P.A.

WILLIAM L. MCCONNELL, C.P.A.

MITCHELL R. GELLER, C.P.A.

EVERETT J. CHINOWTH, C.P.A.

ROBERT E. HALLSTEIN, C.P.A.

1922-2001

To the Principal of Westcountry Financial

## Independent Auditor's Report

We have audited the accompanying statement of financial condition of Westcountry Financial as of December 31, 2003 statements of income and changes in financial condition for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a rest basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westcountry Financial as of December 31, 2003, and the results of its operations and changes in its financial condition for the year then ended in conformity with generally accepted accounting principles.

In connection with our examination, we have also examined the supplementary schedules on pages 3, 4, 6, and 7 of the Financial and Operation Combined Uniform Single Report, Part IIA, as prescribed in Rule 17a-5 of the General Rules and Regulations of the Securities and Exchange Commission. Further, we have determined that the reconciliation pursuant of Rule 17a-5 (d) (4) is not necessary. We also determined that Westcountry Financial during the period ended December 31, 2003 was in compliance with the exemptive provisions of Rule 15c-3-3, (k) (2) (A) in that it carried no margin accounts, handled no customer funds or securities, and held no funds or securities for , nor owed money or securities to, its customers. In our opinion, the supplementary schedules examined by us at December 31, 2003, present fairly the information included therein in conformity with the rules of the Securities and Exchange Commission.

*Hallstein & Warner*  
Certified Public Accountants

March 25, 2004

Long Beach, California

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER

WEST COUNTRY FINANCIAL

N 3

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## STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

as of (MM/DD/YY)

12-31-03

SEC FILE NO.

8-29946

Consolidated

Unconsolidated

Total

### ASSETS

#### Allowable

#### Non-Allowable

1. Cash	\$	1252	200	\$	1252	750
2. Receivables from brokers or dealers:						
A. Clearance account	✓	3720	295			
B. Other			300		3720	810
3. Receivables from non-customers			355	628,044	600	628,044
4. Securities and spot commodities owned, at market value:						
A. Exempted securities			418			
B. Debt securities			419			
C. Options			420			
D. Other securities		65071	424			
E. Spot commodities	✓		430		65071	850
5. Securities and/or other investments not readily marketable:						
A. At cost	✓	130				
B. At estimated fair value			440		610	860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:			460		630	880
A. Exempted securities	\$	150				
B. Other securities	\$	160				
7. Secured demand notes:			470		640	890
market value of collateral:						
A. Exempted securities	\$	170				
B. Other securities	\$	180				
8. Memberships in exchanges:						
A. Owned, at market	\$	190				
B. Owned, at cost					650	
C. Contributed for use of the company, at market value				✓	660	900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships			480		670	910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization			490		680	920
11. Other assets			535	10,000	735	930
12. TOTAL ASSETS	✓	\$	540	\$	740	\$ 208,087

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER WEST COUNTRY FINANCIAL

as of 12-31-03

### STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

#### LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable .....	\$ <u>1760</u> 1045	\$ <u>1255</u> 1255	\$ <u>1760</u> 1470
14. Payable to brokers or dealers:			
A. Clearance account .....	<u>1114</u> 1114	<u>1315</u> 1315	<u>1560</u> 1560
B. Other .....	<u>1115</u> 1115	<u>1305</u> 1305	<u>1540</u> 1540
15. Payable to non-customers .....	<u>1155</u> 1155	<u>1355</u> 1355	<u>1610</u> 1610
16. Securities sold not yet purchased, at market value .....		<u>1360</u> 1360	<u>1620</u> 1620
17. Accounts payable, accrued liabilities, expenses and other .....	<u>1205</u> 1205	<u>1385</u> 1385	<u>1685</u> 1685
18. Notes and mortgages payable:			
A. Unsecured .....	<u>1210</u> 1210		<u>1690</u> 1690
B. Secured .....	<u>1211</u> 1211	<u>1390</u> 1390	<u>1700</u> 1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		<u>1400</u> 1400	<u>1710</u> 1710
1. from outsiders \$ <u>970</u> 970			
2. Includes equity subordination (15c3-1 (d)) of .... \$ <u>980</u> 980			
B. Securities borrowings, at market value: ... from outsiders \$ <u>990</u> 990		<u>1410</u> 1410	<u>1720</u> 1720
C. Pursuant to secured demand note collateral agreements: .....		<u>1420</u> 1420	<u>1730</u> 1730
1. from outsider: \$ <u>1000</u> 1000			
2. Includes equity subordination (15c3-1 (d)) of .... \$ <u>1010</u> 1010			
D. Exchange memberships contributed for use of company, at market value .....		<u>1430</u> 1430	<u>1740</u> 1740
E. Accounts and other borrowings not qualified for net capital purposes .....	<u>1220</u> 1220	<u>1440</u> 1440	<u>1750</u> 1750
20. TOTAL LIABILITIES .....	\$ <u>1760</u> 1230	\$ <u>1450</u> 1450	\$ <u>1760</u> 1760

#### Ownership Equity

21. Sole proprietorship .....	\$ <u>706,327</u> 15 1770
22. Partnership (limited partners) .....	\$ <u>1020</u> 11 1780
23. Corporation:	
A. Preferred stock .....	<u>1791</u> 1791
B. Common stock .....	<u>1792</u> 1792
C. Additional paid-in capital .....	<u>1793</u> 1793
D. Retained earnings .....	<u>1794</u> 1794
E. Total .....	<u>706,327</u> 15 1795
F. Less capital stock in treasury .....	<u>1796</u> 1796
24. TOTAL OWNERSHIP EQUITY .....	\$ <u>706,327</u> 1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY .....	\$ <u>708,087</u> 1810

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# FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER WEST COUNTRY FINANCIAL

as of 12-31-03

### COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition.....	\$	<u>70,632</u>	<u>3480</u>
2. Deduct ownership equity not allowable for Net Capital.....	19	<u>1</u>	<u>3490</u>
3. Total ownership equity qualified for Net Capital.....		<u>70,632</u>	<u>3500</u>
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital.....			<u>3520</u>
B. Other (deductions) or allowable credits (List).....			<u>3525</u>
5. Total capital and allowable subordinated liabilities.....	\$		<u>3530</u>
6. Deductions and/or charges:			
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C) \$	17	<u>638,044</u>	<u>3540</u>
B. Secured demand note deficiency.....			<u>3590</u>
C. Commodity futures contracts and spot commodities- proprietary capital charges.....			<u>3600</u>
D. Other deductions and/or charges.....			<u>3610</u>
7. Other additions and/or allowable credits (List).....		<u>638,044</u>	<u>3630</u>
8. Net capital before haircuts on securities positions.....	20	<u>68,283</u>	<u>3640</u>
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):			
A. Contractual securities commitments.....	\$		<u>3660</u>
B. Subordinated securities borrowings.....			<u>3670</u>
C. Trading and investment securities:			
1. Exempted securities.....	18		<u>3735</u>
2. Debt securities.....			<u>3733</u>
3. Options.....			<u>3730</u>
4. Other securities.....			<u>3734</u>
D. Undue Concentration.....			<u>3650</u>
E. Other (List).....			<u>3736</u>
10. Net Capital.....	\$	<u>68,283</u>	<u>3750</u>

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER WESTCOUNTRY FINANCIAL

as of 12-31-03

### COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

#### Part A

11. Minimum net capital required (6-2/3% of line 19)	\$	<u>117</u>	<u>3756</u>
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	<u>5000</u>	<u>3758</u>
13. Net capital requirement (greater of line 11 or 12)	\$	<u>5000</u>	<u>3760</u>
14. Excess net capital (line 10 less 13)	\$	<u>63283</u>	<u>3770</u>
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	<u>68103</u>	<u>3780</u>

### COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.L. liabilities from Statement of Financial Condition	\$	<u>1760</u>	<u>3790</u>
17. Add:			
A. Drafts for immediate credit	\$	<u>3800</u>	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	<u>3810</u>	
C. Other unrecorded amounts (List)	\$	<u>3820</u>	<u>3830</u>
19. Total aggregate indebtedness	\$	<u>1760</u>	<u>3840</u>
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	<u>.025</u>	<u>3850</u>
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%	<u>.0024</u>	<u>3860</u>

### COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

#### Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$		<u>3870</u>
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$		<u>3880</u>
24. Net capital requirement (greater of line 22 or 23)	\$		<u>3760</u>
25. Excess net capital (line 10 less 24)	\$		<u>3910</u>
26. Net capital in excess of:			
5% of combined aggregate debit items or \$120,000	\$		<u>3920</u>

OMIT PENNIE

#### NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
  2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.



# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

**BROKER OR DEALER** WESTCOUNTRY FINANCIAL

For the period (MMDDYY) from 1-1-03 3932 to 12-31-03 3933  
Number of months included in this statement 12 3931

## STATEMENT OF INCOME (LOSS)

### REVENUE

#### 1. Commissions:

a. Commissions on transactions in exchange listed equity securities executed on an exchange .....	\$ <u>63,994</u>	3935
b. Commissions on listed option transactions .....	<u>75</u>	3938
c. All other securities commissions .....		3939
d. Total securities commissions .....	<u>63,994</u>	3940

#### 2. Gains or losses on firm securities trading accounts

a. From market making in options on a national securities exchange .....		3945
b. From all other trading .....	<u>10,611</u>	3949
c. Total gain (loss) .....	<u>10,611</u>	3950

#### 3. Gains or losses on firm securities investment accounts

.....	<u>16,163</u>	3952
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#### 4. Profit (loss) from underwriting and selling groups

.....		3955
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#### 5. Revenue from sale of investment company shares

.....		3970
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#### 6. Commodities revenue

.....		3990
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#### 7. Fees for account supervision, investment advisory and administrative services

.....		3975
-------	--	------

#### 8. Other revenue DIVIDEND INCOME

.....	<u>593</u>	3995
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#### 9. Total revenue

.....	\$ <u>91,361</u>	4030
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### EXPENSES

#### 10. Salaries and other employment costs for general partners and voting stockholder officers

.....	\$	4120
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#### 11. Other employee compensation and benefits

.....	<u>27</u>	4115
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#### 12. Commissions paid to other broker-dealers

.....	<u>35382</u>	4140
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#### 13. Interest expense

.....	<u>517</u>	4075
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#### a. Includes interest on accounts subject to subordination agreements

.....	<u>4070</u>	
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#### 14. Regulatory fees and expenses

.....	<u>2007</u>	4195
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#### 15. Other expenses

.....	<u>15,110</u>	4100
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#### 16. Total expenses

.....	\$ <u>58,016</u>	4200
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### NET INCOME

#### 17. Net income (loss) before Federal income taxes and items below (Item 9 less Item 16)

.....	\$	4210
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#### 18. Provision for Federal income taxes (for parent only)

.....	<u>21</u>	4220
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#### 19. Equity in earnings (losses) of unconsolidated subsidiaries not included above

.....		4222
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#### a. After Federal income taxes of

.....	<u>4238</u>	
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#### 20. Extraordinary gains (losses)

.....		4224
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#### a. After Federal income taxes of

.....	<u>4239</u>	
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#### 21. Cumulative effect of changes in accounting principles

.....		4225
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#### 22. Net income (loss) after Federal income taxes and extraordinary items

.....	\$	4230
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### MONTHLY INCOME

#### 23. Income (current month only) before provision for Federal income taxes and extraordinary items

.....	\$ <u>38,345</u>	4211
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**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

**BROKER OR DEALER** WESTCOUNTRY FINANCIAL

For the period (MMDDYY) from 1-1-03 to 12-31-03

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1. Balance, beginning of period.....	\$	<u>662982</u>	<u>4240</u>
A. Net income (loss).....		<u>3834.5</u>	<u>4250</u>
B. Additions (Includes non-conforming capital of .....	\$	<u>4262</u>	<u>4260</u>
C. Deductions (Includes non-conforming capital of .....	\$	<u>4272</u>	<u>4270</u>
2. Balance, end of period (From item 1800) .....	\$	<u>706327</u>	<u>4290</u>

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS**

3. Balance, beginning of period .....	\$	<u>1</u>	<u>4300</u>
A. Increases .....		<u>1</u>	<u>4310</u>
B. Decreases.....		<u>1</u>	<u>4320</u>
4. Balance, end of period (From item 3520).....	\$	<u>1</u>	<u>4330</u>

OMIT PENNIE:

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER WESTCOUNTRY FINANCIAL

as of 12-31-03

### Exemptive Provision Under Rule 15c3-3

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- A. (k) (1)—\$2,500 capital category as per Rule 15c3-1 ..... 4550
- B. (k) (2)(A)—"Special Account for the Exclusive Benefit of customers" maintained ..... 4560
- C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm WEDBUSH MORGAN SECURITIES INC 4335 OTHER 4570
- D. (k) (3)—Exempted by order of the Commission ..... 4580

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)
▼ 32 4600		4601	4602	4603	4604 4605
▼ 32 4610		4611	4612	4613	4614 4615
▼ 34 4620		4621	4622	4623	4624 4625
▼ 35 4630		4631	4632	4633	4634 4635
▼ 36 4640		4641	4642	4643	4644 4645
▼ 37 4650		4651	4652	4653	4654 4655
▼ 38 4660		4661	4662	4663	4664 4665
▼ 37 4670		4671	4672	4673	4674 4675
▼ 40 4680		4681	4682	4683	4684 4685
▼ 41 4690		4691	4692	4693	4694 4695

TOTAL \$ 4699

OMIT PENNIES

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

WITHDRAWAL CODE:	DESCRIPTION
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals
4.	15c3-1(c)(2)(iv) Liabilities

WESTCOUNTRY FINANCIAL  
STATEMENT OF CHANGES IN FINANCIAL CONDITION  
For the year ended December 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES

NET INCOME \$ 38,345

Adjustments to reconcile net income to net  
cash used by operating activities:

Gain on sale of securities (10,611)

Adjustment of securities to market value (16,163)

Decrease in payables (3,393)

Decrease in receivables 7,643

Net cash provided by  
operating activities 15,821

CASH FLOWS FROM INVESTING ACTIVITIES

Sale of securities 81,749

Purchase of securities (96,469)

Net cash used by investing activities (14,720)

Increase in cash 1,101

Cash at beginning of year 151

Cash at end of year \$ 1,252

# HALLSTEIN & WARNER

A LIMITED LIABILITY PARTNERSHIP

*Certified Public Accountants*

CONGRESSIONAL PLACE  
6700 PACIFIC COAST HIGHWAY, SUITE 230  
LONG BEACH, CALIFORNIA 90803-4217  
(562) 594-5866 • FAX: (562) 594-7944

March 26, 2004

STEVEN D. EPERTHENER, C.P.A.  
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EVERETT J. CHINOWTH, C.P.A.

ROBERT E. HALLSTEIN, C.P.A.  
1922-2001

Westcountry Financial  
Sec. File No. 8-29946

In connection with the examination of Westcountry Financial for the period ended December 31, 2003, no material differences exist between the computation of net capital per the company's most recent unaudited Focus Report Part IIA and the computation of net capital under Rule 15c3-1.

*Hallstein & Warner*  
Certified Public Accountants

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A LIMITED LIABILITY PARTNERSHIP

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March 26, 2004

To the Principal of Westcountry Financial:

We have examined the financial statements of Westcountry Financial for the year ended December 31, 2003, and have issued our report thereon dated March 26, 2004. As part of our examination, we made a study and evaluation of the Company's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing and extent of the auditing procedure necessary for expressing an opinion on the financial statements.

Also, as required by rule 17a-5(g) (1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Westcountry Financial that we considered relevant to the objectives stated in rule 17a-5(g), (1) in making the periodic computation of aggregate indebtedness and net capital under rule 17a-3(1) (11) and the procedures for determining compliance with the exemptive provisions of rule 15c3-3. The Company was in compliance with the condition of the exemption; no facts came to our attention to indicate that such condition had not been complied with during the period.

We also made a study of the practices and procedures followed by the Company in making the periodic computation of aggregate indebtedness and net capital under rule 17a-3(a) (11) and the procedures for determining compliance with the exemptive provisions of rule 15c3-3. We did not review the practices and procedures followed by the Company in making quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of the Regulation T of the Board of Governors of the Federal Reserve Systems, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining a system of internal accounting control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. The objectives of a system and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal accounting control procedures or the practices and procedures or the practices and procedures referred to above, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that the degree of compliance with them may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weakness in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Westcountry Financial taken as a whole. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes.

This report is intended solely for use of management and the Securities and Exchange Commission and should not be used for any other purpose.

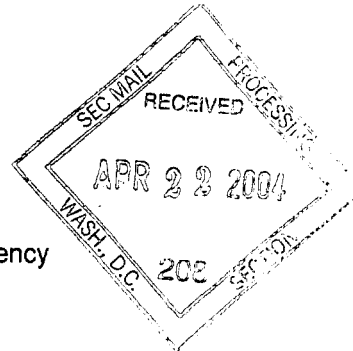
*Hallster & Warner*  
Certified Public Accountants

March 26, 2004  
Long Beach, California

WestCountry Financial

April 20, 2004

Mr. Zachary B. Mayaki  
National Association of Security Dealers  
300 South Grand  
Suite 1600  
Los Angeles, CA 90071



Re: WestCountry Financial  
Annual Audit report – Year Ended December 31, 2003 – deficiency  
Notes to Financial Statements

Dear Mr. Mayaki:

This correspondence is in response to Allissa Johnson's letter to me of April 8<sup>th</sup>, to which I have been asked to respond by the 22<sup>nd</sup>.

My auditor, Hallstein & Warner, have responded and the Notes to Financial and the new cover-head page are enclosed.

As you know from my telephone call to you on Monday, it is not without some inconvenience that I have been able to respond. I am a sole proprietorship and the only one able to forward the information. In trying to understand what the nature of the request was, I had called you the prior week and you were not in, so, it was only on Monday that we had talked.

This week I am again traveling and have had to Federal Express the Reports from the road.

James S. Schmitt  
WestCountry Financial

GC - SEC Washington DC ✓  
Los Angeles  
NASD - Rockville